

**Internal Revenue Service/S&E**  
**Performance Report for FY2001**

Actual Performance Figures are in **bold**, Final Targets are in plain text, and Proposed Targets and Projected Actuals are *italicized*.  
Targets which were not met are shown in red.

**Mission:** The mission of the Internal Revenue Service is "To provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all."

**Budget Activity:** Pre-Filing Taxpayer Assistance & Education

**Performance Goal:**  
Provide Assistance to Taxpayers in Understanding Their Tax Responsibilities and Preparing Accurate Tax Returns.

<b><u>Performance Measure(s):</u></b>	<b>FY1999 Actual</b>	<b>FY2000 Actual</b>	<b>FY2001 Plan</b>	<b>FY2001 Actual</b>
View Definition and Validation Employee Plans and Exempt Organization determination letters		<b>109,461</b>	121,000	<b>109,326</b>
				View Explanation

View Definition and Validation Number of Private Letter Rulings issued		<b>1,913</b>	1,920	<b>2,428</b>
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View Definition and Validation Number of Taxpayer Advocacy Projects		<b>91</b>	88	<b>92</b>
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**Budget Activity:** Filing and Account Services

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**Performance Goal:**

Provide Assistance to Taxpayers in Filing Returns, Receiving Refunds, Making Payments, and Resolving Questions about their Accounts.

<u>Performance Measure(s):</u>	FY1999 Actual	FY2000 Actual	FY2001 Plan	FY2001 Actual
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View Definition and Validation  
Customer satisfaction - Toll-Free

3.41  
View  
Explanation

3.58

3.45  
View  
Explanation

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View Definition and Validation  
Customer satisfaction - Walk-in

6.4

6.5

6.5

6.4  
View  
Explanation

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View Definition and Validation  
Toll-free level of service (percent of calls to  
toll-free telephone assistance lines answered  
by customer assistor personnel)

53.3%

60.6%

63.4%

56.4%  
View  
Explanation

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View Definition and Validation  
Percentage of individual returns filed  
electronically

23.4%

28%

32.6%

30.7%  
View  
Explanation

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View Definition and Validation				
Electronic Federal tax payments (total number of electronic payments processed through the EFTPS (in millions))	63	67.5	64.4	View Explanation

View Definition and Validation				
IRS Digital Daily Hits (in billions)	1.56	2	2.6	

View Definition and Validation				
Toll-free Tax Law quality (percent of customers receiving accurate responses to their Tax Law inquiries)	74.1%	72.6%	74%	75%

View Definition and Validation				
Toll-free accounts quality	81.7%	60%	63%	69.2%

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**Performance Goal:**

Bring Taxpayers into Compliance with the Law

<u>Performance Measure(s):</u>	FY1999 Actual	FY2000 Actual	FY2001 Plan	FY2001 Actual
View Definition and Validation Customer satisfaction - Field	3.9	4.6	4.94	5.01
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View Definition and Validation Field Collection quality	86%	83%	86.4%	84%
				View Explanation
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View Definition and Validation Field Examination case quality score	65%	57%	60%	70%
		View Explanation		
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View Definition and Validation Employee Satisfaction - Agency-wide	55%	59%	60%	51%
				View Explanation
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View Definition and Validation				
Telephone customer satisfaction - ACS	3.4	3.46	3.5	3.46
		View Explanation		View Explanation

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View Definition and Validation				
Customer Satisfaction - Service Center examination	3.87	4.04	4.3	4.18
				View Explanation

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View Definition and Validation				
Service Center examination quality	90.7%	73%	72%	71%
		View Explanation		View Explanation

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View Definition and Validation				
Automated Collection System (ACS) level of service	81%	79%	80%	77%
		View Explanation		View Explanation

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View Definition and Validation				
TAS casework quality index		65.3	68.3	72

View Definition and Validation				
Number of TAS closed		237,885	244,941	248,011

View Definition and Validation				
Individual return examinations less than \$100,000	289,725	187,891	152,964	145,144
		View Explanation		View Explanation

View Definition and Validation				
Individual Return Examinations greater than \$100,000	94,759	63,217	113,699	50,827
		View Explanation		View Explanation



<a href="#">View Definition and Validation</a>				
Appeals cases closed	54,986		73,013	54,748
				<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>				
Field Collection - Number of cases closed - Tax Delinquent Accounts (removed from active inventory)	1,029,706	771,455	846,800	757,392
				<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>				
Field Collection - number of cases closed - Tax Delinquent Investigations	168,271	144,764	146,211	119,451
		<a href="#">View Explanation</a>		<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>				
ACS closures - Taxpayer Delinquent Accounts	1,532,309		1,655,000	1,006,600
				<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>			
ACS (Automated Collection System) closures - Taxpayer Delinquent Investigations (TDI)	412,150	400,376	297,791
			<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>			
Automated Underreporter (AUR) Closures	2,888,900	2,859,000	2,511,424
			<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>			
Automated Underreporter (AUR) Quality (quality of all AUR account actions as a result of taxpayer inquiries or internal requests, post review - paper only)	93%	94%	95%

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<a href="#">View Definition and Validation</a>			
Number of returns examined (Service Center examinations)	439,483	558,655	650,376

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<a href="#">View Definition and Validation</a>				
Customer satisfaction - Field Examination	4.08	4.41	4.6	4.65

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<a href="#">View Definition and Validation</a>				
Total individual returns	384,484	251,108	266,663	195,971
				<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>				
Number of returns examined (Business and General Industry)		103,112	142,441	84,748
				<a href="#">View Explanation</a>

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<a href="#">View Definition and Validation</a>				
Number of cases examined (Coordinated Industry)		328	475	417
				<a href="#">View Explanation</a>

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View Definition and Validation				
Number of returns closed (Coordinated Industry)	3,096	3,831	3,710	View Explanation

View Definition and Validation				
Employee Plans and Exempt Organizations customer satisfaction	5.71	5.7	5.7	

View Definition and Validation				
Employee Plans/Exempt Organizations examination cases closed	22,525	19,080	19,300	15,988
				View Explanation

View Definition and Validation				
Employee Plans/Exempt Organizations examination quality	83%	83%	73%	View Explanation

[View Definition and Validation](#)

Full Time Equivalent per billion dollars of  
Gross Domestic Product

10.57

10.42

10.26



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### **Performance Measure**

Employee Plans and Exempt Organization determination letters

### **Definition and Validation**

Definition: Cases established on the TE/GE Determination System (EDS) and closed on that system regardless of type of case or type of closing.

Verification and Validation: EDS is programmed to generate error registers that identify possible data discrepancies. The registers are provided monthly to the Director, EP Rulings and Agreements, the Director, EO Rulings and Agreements and to the Director, Business Systems Planning for resolution.

Data Accuracy: Reasonable accuracy.

Frequency of Data Availability/Reporting: Monthly

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### **Performance Measure**

Number of Private Letter Rulings issued

### **Definition and Validation**

Definition: Total number of Private Letter Rulings (PLRs) completed by the Office of the Chief Counsel. PLR's are written statements that address specific, tax-related issues pertaining to the taxpayer and the IRS about the tax treatment of particular matters before a taxpayer's return is filed. These techniques reduce taxpayer burden, eliminate controversy, and enhance voluntary compliance, even before the taxpayer is involved. Private Letter Ruling program is the largest single program in Chief Counsel.

Verification and Validation: Case workload is logged in the CASE MIS project tracking system by the individuals involved with each case. Each Associate Chief Counsel involved with PLRs receives and verifies a quarterly run of case workload under their responsibility.

Data Accuracy: Reasonable Accuracy

Data Availability: Quarterly

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### **Performance Measure**

Number of Taxpayer Advocacy Projects

### **Definition and Validation**

Definition: An Advocacy Project is an Operating Division Taxpayer Advocate (ODTA) project in which an operational issue is identified that adversely affects a group of taxpayers. The measure is a cumulative total of all Advocacy Projects to date by fiscal year.

Verification and Validation: A process to verify and/or validate the data collected is under development.

Data Accuracy: Reasonable

Data Availability: The data is made available through web-based reports that can be printed on a daily, weekly, or monthly basis. The data on these reports is real-time, or live, data. So each time a report is printed it reflects the most recent changes to the database.

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### **Performance Measure**

Customer satisfaction - Toll-Free

### **Definition and Validation**

Definition: Customer's perception of IRS service received.

Verification and Validation: PCG compiles, verifies, and reports on the survey data. The service worked with PCG to design the survey process so that the Service can maintain an "arms" length relationship with the data gathering and reporting processes.

Data Accuracy: Reasonable Accuracy

Availability: Quarterly

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### **Performance Measure**

Customer satisfaction - Walk-in

### **Definition and Validation**

Definition: From surveys established in 1998 customer service will create an index to represent overall satisfaction with walk-in services.

Verification and Validation: Operating Division

Sample size selected to provide a maximum of +/- 5% confidence interval at a 95% confidence level for lowest reporting of organization. Data Source: Customer Service Satisfaction Surveys

Data Accuracy: Reasonable Accuracy.

Data Availability: Quarterly

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### **Performance Measure**

Toll-free level of service (percent of calls to toll-free telephone assistance lines answered by customer assistant personnel)

### **Definition and Validation**

Definition: The measure is reported as the percentage of taxpayers that are calling our toll-free services and speak to an assistant. Factors used to arrive at the level of service provided by assistants and taken into consideration in the calculation: Callers selecting an automated application, receiving a busy signal or abandoning while in queue waiting for an assistant.

Verification and Validation: " daily site data is transmitted overnight to a database located in New Carrollton, MD. Each site is responsible to monitor data input and make corrections as necessary. National Office also monitors data input and looks for anomalies. When anomalies are identified, National Office contacts the site for validation and/or correction. This validation process continues throughout the fiscal year.

Data Accuracy: Reasonable Accuracy

Data Availability: Monthly

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### **Performance Measure**

Percentage of individual returns filed electronically

### **Definition and Validation**

Definition: Number of electronically filed individual tax returns divided by the total individual returns filed. Includes all returns where electronic filing is permitted (practitioner e-file, Telefile, VITA [Volunteer Income Tax Assistance], On "Line Filing, Federal/State returns, etc.).

Verification and Validation: Returns filed through the e-file system are assigned unique Document Locator Number (DLNs) to identify them as electronically filed returns. At the time of processing, returns filed electronically pass through a series of checks to ensure that the transmitter data and individual return data are correct and valid. Returns filed through Electronic

Return Originators will not be accepted without correct electronic filer identification numbers (EFINs), matching entity information and correct Taxpayer Identification Number (TINs) or with incomplete information or erroneous information on any fields of the return. The summary data, including the number of individual returns filed electronically, is contained in Report 1541. The 308 reports are Master File reports extracts used by the service centers, which provide the actual number of returns filed. Initial management reviews are performed on the data to identify anomalies. Management production meetings are held in the service centers on a weekly basis for review and analysis of the data. When the total e-file record has been established and verified, the returns pass into routine processing streams and master file systemic checks. The electronic filing systems are maintained, updated, and routinely tested by Information Systems.

Data Accuracy: Reasonable Accuracy.

Data Availability: Monthly

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#### **Performance Measure**

Electronic Federal tax payments (total number of electronic payments processed through the EFTPS (in millions)

#### **Definition and Validation**

Definition: All individual and business tax type payment made directly through Electronic Federal Tax Payment System (EFTPS), through IRS e-file, through payroll service providers or through credit card processors.

Verification and Validation: EFTPS Operations Reports compile statistics and perform balancing routines for all payment transactions processed through EFTPS. Report data is validated daily prior to the release of the Tape-Edit Processor (TEP) file to MCC.

Data Accuracy: Reasonable Accuracy - EFTPS Operations Reports compile statistics and perform balancing routines for all payment transactions processed through EFTPS. Report data is validated daily prior to the release of the Tape-Edit Processor (TEP) file to Martinsburg Computing Center.

Data Availability: Monthly

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#### **Performance Measure**

IRS Digital Daily Hits (in billions)

#### **Definition and Validation**

Definition: Measures the number of visits to the IRS Internet Web Site ([www.irs.gov](http://www.irs.gov))

Verification and Validation: Division. Calculations are based upon each time a user visits the IRS web site and are accumulated monthly. Data Source: This data is compiled from a statistical report of all File Transfer Protocol (FTP) Downloads and Hits to the IRS Internet Web site ([www.irs.gov](http://www.irs.gov))

Data Accuracy: Reasonable Accuracy - the collection of data is a systemically generated process. Data is collected onto log files within the system with a Webmaster responsible for the collection of statistical information from the server. The webmaster collects data weekly and converts the information to spreadsheet format. Information on the number of web hits is provided to several areas within the IRS and also maintained for use as the benchmark to compare growth over time.

Data Availability: Monthly

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#### **Performance Measure**

Toll-free Tax Law quality (percent of customers receiving accurate responses to their Tax Law inquiries)

#### **Definition and Validation**



**Definition:** The percent of customers receiving accurate responses to their Tax Law inquiries. Evaluates the customer (external), administrative (internal) and regulatory accuracy of this service.

**Verification and Validation:** Sample Plans used by CQRS to review quality of Tax Law assistance at each site are designed by SOI for statistical validity. Several levels of validation occur as part of the review process. First, the input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or based upon an entry in a quality attribute. Second, the national reviews conducted by Centralized Quality Review Site staff on telephone product lines are sampled by local management and management officials at the CQRS site. In addition, every review is available on-line to the site for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest any review.

**Data Accuracy:** Reasonable Accuracy

**Data Availability:** Monthly

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#### **Performance Measure**

Toll-free accounts quality

#### **Definition and Validation**

**Definition:** The percent of customers receiving accurate responses to their account inquiries. Evaluates the customer (external), administrative (internal) and regulatory accuracy of this service.

**Verification and Validation:** Sample Plans used by CQRS to review quality of Tax Law assistance at each site are designed by SOI for statistical validity. Several levels of validation occur as part of the review process. First, the input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or based upon an entry in a quality attribute. Second, the national reviews conducted by Centralized Quality Review Site staff on telephone product lines are sampled by local management and management officials at the CQRS site. In addition, every review is available on-line to the site for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest any review.

**Data Accuracy:** Reasonable accuracy

**Data Availability:** Monthly

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#### **Performance Measure**

Customer satisfaction - Field

#### **Definition and Validation**

**Definition:** Customers overall level of satisfaction with the way their cases were handled by the IRS Field Collection program. **LIMITATIONS:** The following limitations are placed on the Collection sample: only those customers who owe money to the IRS and have been referred to Collection are sampled. Samples drawn from the Collection Quality Measurement System (CQMS) database only include three types of closures; Currently Not Collectible/Hardship, Installment Agreements, and Full Pays. The sample does not include: cases with no case history, cases for customers the IRS cannot locate, cases where the statute has expired, bankruptcy cases, deceased taxpayers, and defunct or insolvent corporations. For cases involving an Offer in Compromise, only those offers that are accepted by the IRS are included. Upon conversion of the Integrated Collection System (ICS) database the survey will be expanded to include the entire range of Collection cases.

**Verification and Validation:** Territory/Area Office. The score represents the average overall level of customer satisfaction ("keystone" question) from the Customer Satisfaction Transactional Surveys. Survey recipients are asked to rate IRS performance on a seven-point scale, where 1 indicates Very Dissatisfied and 7 indicates Very Satisfied. **Data Source:** Contractor database managed by the Customer Satisfaction group.

**Data Accuracy:** Reasonable Accuracy - Sample sizes are selected to provide maximum of +/- 5% confidence interval at a

95% confidence level. The Collection sample for customer satisfaction purposes is drawn from the CQMS database and sent to an independent contractor on a monthly basis. The contractor uses a mail-out survey to obtain information on customers' perceptions of the service they receive and to identify opportunities for improving service to Collection customers.

Data Availability: Statistically valid results are available at the National level, annually at the District/Service Center level.

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## **Performance Measure**

Field Collection quality

### **Definition and Validation**

Definition: Score awarded to a reviewed Collection case by third-party reviewer using the Collection Quality Measurement System (CQMS) quality standards.

Verification and Validation: National, Territory, Area. CQMS Composite Score is computed based on quality standards. Four standards are critical and weigh more heavily. Failure to meet any critical standard results in deduction of points from the overall composite score. Data Source: CQMS database

Data Accuracy: Reasonable Accuracy - At the national level the data is accurate. Until the service center realignment is complete, factors that influence the reliability include accuracy of case reviews, sample size, age of the sample reviewed and the way results are compiled. Despite implementation of an automated sampling process, limitations roll down to the CQMS system. Not all routine Revenue Officer case file documents are part of the electronic history and are by paper. Some CQMS standards require review of the paper portion of Revenue Officer case files. These associated files are mailed to a central review site from each area office weekly. Cases (electronic and paper) are reviewed and the reviewers input results to electronic check sheets scores are computed and compiled electronically. A program scores the standards on each review for total individual case score, combines these and computes a monthly and cumulative average for each organizational segment.

Data Availability: Monthly

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## **Performance Measure**

Field Examination case quality score

### **Definition and Validation**

Definition: The score awarded to a reviewed Field Examination case by a third-party reviewer using the Examination Quality Measurement System (EQMS) quality standards.

Verification and Validation: National, Area Office. The EQMS composite score is based on 8 quality standards, with a variety of elements within each standard. Each standard has a value of 12.5 points. However, 16 elements have been designated as key and are weighted more heavily. Failure to meet a key element within a standard results in a loss of the overall standard. Data Source: Examination Quality Measurement System

Data Accuracy: Reasonable Accuracy - Factors that influence the reliability of the data include the accuracy of individual case reviews, sample size, age of sample being reviewed, and accuracy of case selection. EQMS sites have established a 3-tier validity process to ensure consistency. Each site conducts regularly scheduled meetings, where all reviewers evaluate the same case. Ratings are discussed to arrive at a consensus. Areas of disagreement are elevated to a national consistency team for resolution. Additionally, each quarter the EQMS site chiefs review cases that have been previously reviewed by all reviewers in the country to discuss any deviations in applying the quality standards. The sample is currently statistically valid at the area level. Strategy, Research & Performance Management (SRPM) is now evaluating the costs of sampling at a lower level. Cases reviewed are compiled electronically and distributed to Area offices on a quarterly basis. Sample cases are manually pulled by case processing staff. A Request for Information Services has been submitted to request programming for automating the sample pull. This is not expected to be resolved until FY 2002. SRPM is re-examining all the named relevant factors in conjunction with the new organization to better ensure the accuracy of EQMS data.

Data Availability: Quarterly

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### **Performance Measure**

Employee Satisfaction - Agency-wide

#### **Definition and Validation**

Definition: Measure of employee perceptions of the work environment, management practices, organizational barriers, and overall work environment that impacts an employee's efforts to do a good job.

Verification and Validation: National, Operating Division. Census survey focused on workgroup issues and a statistically valid random sample Climate survey focused on enterprise-wide and Business Unit issues - employees may participate in the surveys by responding to them on-line; via telephone or by paper. Employees are asked to rate the IRS performance on a five-point scale, where 1 represents strongly disagree and 5 represents strongly agree. The employee satisfaction score is the average percentage of favorable ratings, or ratings of 4, "Agree" or 5, Strongly Agree across the 12 indexes included in the survey (manager/employee relations, manager communications, manager effectiveness, performance management, respect, ethics, and summary satisfaction). Annual Employee Satisfaction Survey consisting of: (1) Employee census survey and (2) Statistically valid random sample Climate survey.

Data Accuracy: Reasonable Accuracy - A contractor establishes a coding system and does a sample check of data to validate that employee input is correctly reported via paper or electronic media. The contractor also establishes a coding system and does a sample check of data to associate survey results with the correct organizational unit. The contractor prepares and validates the accuracy of management reports. A manual check of a sample of reports is made by the Employee Satisfaction Staff to verify report accuracy.

Data Availability: Annually

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### **Performance Measure**

Telephone customer satisfaction - ACS

#### **Definition and Validation**

Definition: Customer's perception of IRS service received through the ACS system. LIMITATIONS on survey respondents not affecting the statistical validity are as follows: ACS outgoing calls are not included in the survey due to technological limitations, and customers calling when IRS monitors are not available (Saturday, Sunday and some evening hours) are excluded from the survey. IRS is also looking at ways to improve survey participation within its Spanish-speaking community.

Verification and Validation: PCG compiles, verifies, and reports on the survey data. The service worked with PCG to design the survey process so that the Service can maintain an "arms" length relationship with the data gathering and reporting processes.

Data Accuracy: Reasonable Accuracy

Data Availability: Quarterly

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### **Performance Measure**

Customer Satisfaction - Service Center examination

#### **Definition and Validation**

Definition: Customer's overall level of satisfaction with the IRS Service Center Examination process. LIMITATIONS: The following limitations are placed on the service center examination sample: sole proprietors and self-employed individuals and farmers, as well as individual shareholders and partners examined as a result of a corporate audit are included in the sample. The sample does not include businesses that file corporate and partnership returns, individuals who did not respond

to correspondence and audit appointment letters, individuals IRS cannot locate and individuals with an international address. The IRS intends to expand its survey participation in FY 2001 by examining SB/SE and LMSB customer bases.

Verification and Validation: Service Center

The score represents the average overall level of customer satisfaction ("keystone" question) from the Customer Satisfaction Transactional Surveys. Survey recipients were asked to rate IRS performance on a seven-point scale, where 1 indicates Very Dissatisfied and 7 indicates Very Satisfied. Data Source: Contractor Database managed by the Customer Satisfaction group.

Data Accuracy: Reasonable Accuracy - Sample sizes are selected to provide a maximum of +/- 5% confidence level. The Audit Information System (AIMS) Closed Case database is programmed to generate valid samples of cases closed during the month. An independent contractor surveys these taxpayers via a mailout survey to obtain information on customers' perceptions of the service they receive and to identify opportunities for improving service to Service Center Examination customers.

Data Availability: Quarterly

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**Performance Measure**

Service Center examination quality

**Definition and Validation**

Definition: Quality of actions taken while working service center examination cases.

Verification and Validation: Site Level. A predetermined sample of cases for each site is selected based on number of closed cases and accuracy rate. Accuracy rates can be obtained from Quality Review Database (QRDB). Data Source: Quality Review Database (QRDB)

Data Accuracy: Reasonable Accuracy - The QRDB has various systemic checks and will not accept records of reviewed calls that do not contain the correct information for each field. Reviews are conducted at the site level. These reviews are sampled by local management or by management officials at the Centralized Quality Review System (CQRS) site. Every review record is available on-line for verification purposes. Sites monitor their review records daily and have a small rebuttal period to contest results of any review. The database is designed to generate exception reports to identify errors. National Office analysts also review reports to verify that the sample extracts and volumes are calculated correctly. The database developers conduct random reviews of data for validation purposes.

Data Availability: Monthly

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**Performance Measure**

Automated Collection System (ACS) level of service

**Definition and Validation**

Definition: The percentage of calls attempted (demand) compared to number of calls answered answered (calls which abandon after having been answered but while in queue for the next available assistor are not included in the count of calls answered) in Automated Collection System (ACS).

Verification and Validation: On a daily basis, each site gathers call data from the aspect and/or TRIS applications and inputs the data into WITS. Each site is responsible for monitoring data input and making corrections as necessary. National Office also monitors data input and looks for anomalies. When anomalies are identified, National Office contacts the site for validation and/or correction.

Data Accuracy: Reasonable Accuracy

Data Availability: Monthly

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## **Performance Measure**

TAS casework quality index

### **Definition and Validation**

Definition: A tool to measure effectiveness in meeting customer expectations based on a random sample of cases reviewed and scored against customer service standards of timeliness, accuracy, and communication.

Verification and Validation: Group/Area/National.

A valid random local sample of cases reviewed and scored against customer service standards of timeliness, accuracy and communication. The quality index score is the number of points achieved divided by the total applicable points (on a 100-point scale). Data Source: Taxpayer Advocate Management Information System (TAMIS); MS Access database

Data Accuracy: Reasonable Accuracy - A Taxpayer Advocate (TAS) case is considered closed when all actions have been taken to resolve the taxpayer's problem(s) and the taxpayer or representative has been notified. TAMIS is updated as cases are closed. The closed case data will be fed into a MS Access database. TAS will use appropriate statistical techniques to ensure random sampling of taxpayers to measure the effectiveness in meeting customer expectations.

Data Availability: Monthly

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## **Performance Measure**

Number of TAS closed

### **Definition and Validation**

Definition: The total number of cases worked in the Taxpayer Advocate Service (TAS) and closed on the Taxpayer Advocate Management Information System (TAMIS).

Verification and Validation: Group/Area/National

A systemic count from a data extract report the number of regular criteria cases closed on TAMIS

Data Source: TAMIS data base

Data Accuracy: Reasonable Accuracy - A TAS case is considered closed when all actions have been taken to resolve the taxpayer's problem(s) and the taxpayer or representative has been notified. TAMIS is updated as cases are closed. The total number of cases worked in TAS and closed on TAMIS will be calculated using a data extract report from TAMIS on a monthly basis.

Data Availability: Monthly

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## **Performance Measure**

Individual return examinations less than \$100,000

### **Definition and Validation**

Definition: Number of individual (Form 1040) returns closed through a time period from the beginning of the fiscal year with a total positive income or total gross receipts less than \$100,000.

Verification and Validation: National. Sum of the returns of Individual Examinations (Form 1040) in activity classes of 530, 531, 532, 533, 535, 536, and 538 closed by Revenue Agents, Tax Auditors, and Tax Examiners (in the district offices) cumulative through the time period. Data Source: Audit Information Management System Closed Case Database

Data Accuracy: There are various management reviews before an entry is input to the AIMS. If the input does not pass the validity and consistency checks as it is entered into AIMS, it is rejected. It must be corrected before the data is accepted, posted on AIMS, and sent to the Master File. If the data fails any of the Master File systemic checks, it is rejected and sent back to the originator for necessary action. AIMS is programmed to weekly/monthly generate error registers, which are provided to the district offices, to the Examination Branches at the service centers, and to the National Office if necessary,

for resolution. Monthly, data is extracted by the service centers and sent to the Detroit Computing Center (DCC) for national reports and national open and closed case data files. Also, on a monthly basis, DCC transmits the reports and data files to the National Office, which reviews the reports using the data files to ensure that all data is included and that the formulas/equations are calculating correctly. Periodically, HQ systems acceptability testing (SAT) and DCC test the systems to ensure they meet systems requirements.

Data Availability: Monthly

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### **Performance Measure**

Individual Return Examinations greater than \$100,000

### **Definition and Validation**

Definition: Number of Individual (Form 1040) returns closed through a time period from the beginning of the fiscal year with a total positive income or total gross receipts greater than \$100,000.

Verification and Validation: Servicewide. Sum of the returns of Individual Examinations (Form 1040) in activity classes of 534, 537, and 539 closed by Revenue Agents, Tax Auditors, and Tax Examiners (in the district offices) cumulative through the time period. Data Source: Audit Information Management System Closed Case Database

Data Accuracy: Reasonable Accuracy. There are various management reviews before an entry is input to the Audit Information Management System (AIMS). If the input does not pass the validity and consistency checks as it is entered into AIMS, it is rejected. It must be corrected before the data is accepted, posted on AIMS, and sent to the Master File. If the data fails any of the Master File systemic checks, it is rejected and sent back to the originator for necessary action. AIMS is programmed to weekly/monthly generate error registers, which are provided to the district offices, to the Examination Branches at the service centers, and to the National Office if necessary, for resolution. Monthly, data is extracted by the service centers and sent to the Detroit Computing Center (DCC) for national reports and national open and closed case data files. Also, on a monthly basis, DCC transmits the reports and data files to National Office, which reviews the reports using the data files to ensure that all data is included and that the formulas/equations are calculating correctly. Periodically, HQ systems acceptability testing (SAT) and DCC test the systems to ensure they meet systems requirements.

Data Availability: Monthly

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### **Performance Measure**

Appeals cases closed

### **Definition and Validation**

Definition: Total Disposals will measure the total number of returns closed in Appeals as a measure of total Appeals production and output.

Verification and Validation: Area Office. A return is considered closed at the point it is closed on the Appeals Centralized Database System (ACDS). We will footnote the number of docketed cases closed unagreed in Appeals and tried or settled by Counsel. Data Source: Appeals Centralized Database System

Data Accuracy: Reasonable Accuracy - The ACDS includes front-end accuracy/consistency checks and cross-validations (prior to transmission of data for storage. ACDS also includes numerous reports for validating data with other parts of IRS such as UNImatch, AIMS validation and Status 81 list. ACDS includes annual physical and electronic inspections and verification of statutes.

Data Availability: Monthly

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### **Performance Measure**

Field Collection - Number of cases closed - Tax Delinquent Accounts (removed from active inventory)

### **Definition and Validation**

Definition: This measure reflects actual taxpayer delinquent account dispositions.

Verification and Validation: National, Regional and District levels. Operating Division data is available at the National level only. (Note: Masterfile and Integrated Data Retrieval System (IDRS) - Collection Activity Reports (CAR) will continue to use district office codes until at least January 2002. In January 2002, when IDRS Masterfile starts to carry area and territory codes (dependent upon non-report programming), CAR reports will be modified to get area totals. Territory reports will not be available during FY 2002.) Actual dispositions. Data Source: NO-5000-1 Taxpayer Delinquent Account Monthly Report or NO-5000-2 Taxpayer Delinquent Account Cumulative Report

Data Accuracy: Reasonable Accuracy. The number of TDAs disposed is determined by computer analysis on the IDRS computer system. Reports are compiled monthly with data extracted as part of weekend processing. CAR weekend processing looks at the data that survives non-CAR validity checks. When an invalid record passes a systemic check and is identified by CAR systems, it creates an error file, which requires contact with National Office. A Taxpayer Information File (TIF) edit file is secured to conduct a manual search for the source of the error. A National Collection analyst and Information Systems programmers routinely do validity checks.

Data Availability: Monthly

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### **Performance Measure**

Field Collection - number of cases closed - Tax Delinquent Investigations

### **Definition and Validation**

Definition: This measure reflects actual taxpayer delinquent investigation dispositions.

Verification and Validation: National, Regional and District levels. Operating Division data is available at the National level only. (Note: Masterfile and Integrated Data Retrieval System (IDRS) will continue to use district office codes until at least January 2002. In January 2002, when IDRS Masterfile starts to carry area and territory codes (dependent upon non-report programming), Collection Activity Reports (CAR) will be modified to get area totals. Territory reports will not be available during FY 2002.)

Actual dispositions. Data Source: NO-5000-3 Taxpayer Delinquency Investigation Monthly Report or NO-5000-4 Taxpayer Delinquency Investigation Cumulative Report

Data Accuracy: Reasonable Accuracy. The number of TDIs disposed is determined by computer analysis on the IDRS computer system. Reports are compiled monthly with data extracted as part of weekend processing. CAR weekend processing looks at the data that survives non-CAR validity checks. When an invalid record passes a systemic check and is identified by CAR systems, it creates an error file, which requires contact with National Office. A Taxpayer Information File (TIF) edit file is secured to conduct a manual search for the source of the error. A National Collection analyst and Information Systems programmers routinely do validity checks.

Data Availability: Monthly

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### **Performance Measure**

ACS closures - Taxpayer Delinquent Accounts

### **Definition and Validation**

Definition: Number of entity closures produced in the Automated Collection System (minus systemic reductions). Data is reported as entities.

Verification and Validation: Data at the National level is good. Site level data is of questionable accuracy because the Collection Activity Reports are configured according to the old district office organization, not the Automated Collection System workload alignment or the new IRS reorganization. The problem will be corrected with the completion of the

service center realignment scheduled for the end of calendar year 2002.

Data Accuracy: Reasonable Accuracy

Data Availability: Monthly

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#### **Performance Measure**

ACS (Automated Collection System) closures - Taxpayer Delinquent Investigations (TDI)

#### **Definition and Validation**

Definition: Number of Closures (entities) produced in the Automated Collection System (minus systemic inventory reductions).

Verification and Validation: Data at the National level is good. Site level data is of questionable accuracy because the Collection Activity Reports are configured according to the old district office organization, not the Automated Collection System workload alignment or the new IRS reorganization. The problem will be corrected with the completion of the service center realignment scheduled for the end of calendar year 2002.

Data Accuracy: Reasonable Accuracy

Data Availability: Monthly

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#### **Performance Measure**

Automated Underreporter (AUR) Closures

#### **Definition and Validation**

Definition: Total number of closures of Automated Underreporter Cases.

Verification and Validation: Site. Total number of AUR cases in closed status. The historical average is approximately 1.15 cases closed per hour. Data Source: Data is acquired through the Automated Underreporter Control System.

Data Accuracy: Reasonable Accuracy - AUR Control System - This system controls and captures information on AUR cases. Reports are printed off this system. They are used by management for operational decisions and reported to National Office (NO) for the MISTLE (Management Information System for Top Level Executives) reports. Information is loaded onto the WP & C (Work Planning and Control) system and have identified OFP (Organization Function Program) codes. MISTLE - Every Monday, each of the service centers receives feeder sheets from each of the functional areas. Information on the feeder sheets are consolidated by a Program Analyst and transmitted to the National Office (NO) Management Information System (MIS) Program Analyst by the COB on Monday. On Tuesdays, the NO MIS Program Analyst reviews each one of the service centers' files and consolidates them onto the MISTLE reports. At each level, there are validation checks and reviews are made for reasonableness. If there are any discrepancies in historical data, the MISTLE data are relied on as the agreed figures. Most figures are driven by OFP codes.

Data Availability: Monthly

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#### **Performance Measure**

Automated Underreporter (AUR) Quality (quality of all AUR account actions as a result of taxpayer inquiries or internal requests, post review - paper only)

#### **Definition and Validation**

Definition: Quality of all AUR account actions as a result of taxpayer inquiries or internal requests. (Paper only - Post review)



Verification and Validation: National/Site

Closed cases are reviewed by a Quality Reviewer at local AUR sites using a standardized data collection instrument (DCI) within the Quality Review Database (QRDB). Data Source: Customer Service Quality Review Database (QRDB)

Data Accuracy: Reasonable Accuracy. The QRDB contains several levels of validation that occur as part of the review process: 1.)The input records are validated requiring entries and combinations of entries based upon the relationships inherent in different product lines or based upon a entry in a quality attribute. 2.)The National reviews conducted at the various sites for paper product lines are sampled by local management or management officials. In addition, every review record is available on-line to the functional area for verification purposes.

Data Availability: Monthly

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### **Performance Measure**

Number of returns examined (Service Center examinations)

### **Definition and Validation**

Definition: Number of closures produced in service center examination.

Verification and Validation: Division. Total Closures (for 5 W & I sites) from Audit Information Management System (AIMS) Closed Case Database plus non-examined closures from the non-examined database plus Audit Recon closures from Work Planning & Control (WP&C). Resources are first allocated to "rollover" work (1 hour per case), since these cases are started and must be completed. The remaining funding is allocated to "new starts" which require approximately 2.8 hours per case. 100% of "rollovers" close in the year they roll into. Approximately 25% of "new starts" close in the year they are started and the remaining 75% close in the subsequent year. For every additional 2.8 hrs provided an additional examination can be started. Data Source: AIMS closed case database, non-examined database and WP&C.

Data Accuracy: Reasonable Accuracy - The Earned Income Tax Credit (EITC) database is based on manual counts of actions taken. The Audit Reconsideration volumes come from timesheet information. There are no systemic validity checks for either of these data sources. The AIMS system contains numerous validity checks to help ensure the accuracy of the data reported.

Data Availability: Monthly

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### **Performance Measure**

Customer satisfaction - Field Examination

### **Definition and Validation**

Definition: Customers' overall level of satisfaction with the way their cases were handled by the Field Examination Program.

Verification and Validation: Valid to the Area/Territory and Service Center levels

The score represents the average overall level of customer satisfaction ("keystone" question) from the Customer Satisfaction Transactional Surveys. Survey recipients were asked to rate IRS performance on a seven-point scale, where 1 indicates Very Dissatisfied and 7 indicates Very Satisfied. LIMITATIONS: the survey population is based solely on the audit closures of individual taxpayers. Audit closures involving Estate, Corporate, Excise and Gift tax returns are not included in the survey population. The measure does not include contacts that the Examination division had with individuals that did not result in an audit closure. In FY 2001, Examination will focus on its identified improvement opportunities to further improve survey results, as well as focus efforts to improve survey response rates, which will include the addition of corporate taxpayers in the survey process as part of the measurement system for the SB/SE and LMSB business units. Data Source: Contractor Database managed by the Customer Satisfaction group

Data Accuracy: Reasonable Accuracy - Sample sizes selected to provide maximum of +/- 5% confidence interval at 95% confidence level. The Audit Information Management System (AIMS) Closed Case database is programmed to generate

valid samples of cases closed during the month. An independent contractor surveys these taxpayers via a mail out survey to obtain information on customers' perceptions of the service they received and to identify opportunities for improving service to Examination customers.

Data Availability: Quarterly

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### **Performance Measure**

Total individual returns

### **Definition and Validation**

Definition: Combined count of the Number of Individual (Form 1040) returns closed through a time period from the beginning of the fiscal year with a total positive income or total gross receipts less than or greater than \$100,000.

Verification and Validation: Combines the results of Critical Measures: Individual Return Examinations less than \$100K (2570)

Individual Return Examinations greater than \$100K (2580)

Data Source: Data for critical measures 2570 and 2580 originates from the Audit Information Management System (AIMS) Closed Case Database

Data Accuracy: Data for critical measures 2570 and 2580 is of Reasonable Accuracy - there are various management reviews before an entry is input to AIMS. If the input does not pass validity and consistency checks as it is entered into AIMS, it is rejected. It must be corrected before the data is accepted, posted on AIMS, and sent to the Master File. If the data fails any Master File systemic checks, it is rejected and sent back to the originator for necessary action. AIMS is programmed to weekly/monthly generate error registers which are provided to a designated office or branch for resolution. Monthly, data is extracted and sent to Detroit Computing Center (DCC) for insertion into National reports and open and closed case data files. On a monthly basis, DCC transmits the reports to National Office for validity checks (ensuring that all data is included and that formulas/equations are calculating correctly. Periodically, HQ systems acceptability testing (SAT) and DCC test the systems to ensure they meet requirements.

Data Availability: Monthly

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### **Performance Measure**

Number of returns examined (Business and General Industry)

### **Definition and Validation**

Definition: All industry returns closed (includes all classes of returns)

Verification and Validation: Reports, broken out by industries, will be distributed down to Headquarters and Industry Directors System generated count of all returns closed by LMSB without an AIMS Coordinated Exam Program (CEP) indicator. (CEP indicators are placed on all primary and related Coordinated Industry return records.) Data Source: Audit Information Management System (AIMS) closed case database, accessed via A-CIS (an MS Access application).

Data Accuracy: Reasonable Accuracy - the AIMS reporting system contains programming to eliminate potential multiple counting of multiple closures of the same return (e.g. - a return closes from Exam to Appeals, is returned to Exam for further work and then is closed from Exam a second time). The processing of closed cases is integrated with the AIMS reporting system. In addition, periodic manual inventory validations are conducted to ensure, among other things, returns that have physically closed from the examination process have been closed on the AIMS system.

Data Availability: Monthly

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### **Performance Measure**

Number of cases examined (Coordinated Industry)

### **Definition and Validation**

Definition: The number of regular Coordinated Industry cases closed during the period ("R1" cases; i.e. - not including claim cases, cases returned from Appeals, or non-examined closures).

A Coordinated Industry case consists of one or more tax years of the primary taxpayer (usually a large corporate return) plus all related returns examined in conjunction with the primary taxpayer.

Verification and Validation: Reports, broken out by industries, will be distributed down to Headquarters and Industry Directors

Coordinated Examination Management Information System (CEMIS) records and reports information on the basis of cases, not individual returns.

A count of case closures for a given period is generated by CEMIS based on the "date closed from examination" entered by the field personnel. Data Source: CEMIS, a centralized automated management information system. Coordinated Industry case information (including closures) is input to CEMIS by field personnel, and is reported via standard reports.

Data Accuracy: Reasonable accuracy - Individual case closures reflected on the centralized automated management system (CEMIS) are monitored monthly by first and second level management. Due to the small population of Coordinated Industry (Large Case) cases, discrepancies between actual and reported closures are readily identified and corrected.

Data Availability: Monthly

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### **Performance Measure**

Number of returns closed (Coordinated Industry)

### **Definition and Validation**

Definition: All Coordinated Industry corporate (F1120) returns closed with activity codes 203 through 225.

Verification and Validation: Reports, broken out by industries, will be distributed down to Headquarters and Industry Directors System generated count of all corporate returns closed by LMSB with an AIMS CEP indicator. Data Source: Audit Information Management System (AIMS) closed case database, accessed via A-CIS (an MS Access application).

Data Accuracy: Reasonable Accuracy - the Audit Information Management System (AIMS) contains programming to eliminate potential multiple counting of multiple closures of the same return (e.g. - a return closes from Exam to Appeals, is returned to Exam for further work and then is closed from Exam a second time). The processing of closed cases is integrated with the AIMS reporting system. In addition, periodic manual inventory validations are conducted to ensure, among other things, returns that have physically closed from the examination process have been closed on the AIMS system.

Data Availability: Monthly

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### **Performance Measure**

Employee Plans and Exempt Organizations customer satisfaction

### **Definition and Validation**

Definition: Customers' overall level of satisfaction with the way their cases were handled by the IRS Employee Plans and Exempt Organization Determination programs.

Verification and Validation: National level. The score represents the average overall level of customer satisfaction ("keystone" question) from the Customer Satisfaction Transactional Surveys. The averages from four transactional surveys (EP and EO Determinations and EP and EO Examinations) are then averaged to produce an overall score. Survey recipients were asked to rate IRS performance on a seven-point scale, where 1 indicates Very Dissatisfied and 7 indicates Very Satisfied. Data Source: Contractor database managed by the Customer Satisfaction group

Data Accuracy: Data Accuracy - Reasonable Accuracy. Data is computed by the survey contractor and delivered as results for the four separate transactional survey instruments for EP and EO. Data provides valid indicators of the direction in which the four survey areas are moving. When a straight average of the four transactional survey results are used the results do not represent an overall level of satisfaction for the division.

Data Availability: Statistically valid results for each of the four customer transactions surveyed are available quarterly at the National level.

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#### **Performance Measure**

Employee Plans/Exempt Organizations examination cases closed

#### **Definition and Validation**

Definition: The number of Employee Plan and Exempt Organization return examinations of all types closed.

Verification and Validation: National level in FY 2000, national and area office levels in FY 2001. Cumulative calculation each month of the total return examinations closed. Data Source: TE/GE Audit Information Management System (AIMS)

Data Accuracy: Reasonable Accuracy - Audit Information Management System is programmed to generate regular error registers that identify data discrepancies. The Director, EO Examinations and the Director, EP Examinations is responsible for correcting errors and the Director, Business Systems Planning monitors the error registers to ensure correction accuracy. Periodically, AIMS is SAT (systems acceptability testing) tested to ensure it is programmed to work in accordance with system requirements. In addition, the data collection system is checked periodically to ensure that the reports produced are correct.

Data Availability: Monthly

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#### **Performance Measure**

Employee Plans/Exempt Organizations examination quality

#### **Definition and Validation**

Definition: The level of quality in IRS Exempt Organization Examination services using the Tax Exempt Quality Measurement System (TEQMS)

Verification and Validation: National level in FY 2000, national and area office levels in FY 2001. Average of total case scores. Total case score is the sum of points (100 possible) awarded to a case based on eight quality standards. A quality standard is awarded zero points if failed; if passed, it is awarded points (4 standards weighted at 15 points; 4 standards at 10 points). Data Source: The Quality Measurement Staff (QMS) rates case quality by completing electronic input forms on sampled cases. Data is up-loaded into the TEQMS database and numeric scores are calculated automatically from rating information.

Data Accuracy: Annual sample size selected to provide a +/- 5% confidence interval at a 95% confidence level. The EP/EO return Inventory Control System (ERICS) samples cases that are ready for closing at the group level on a daily basis. Both electronic input forms and the TEQMS database contain information validity checks. Errors are resolved by QMS and Headquarters personnel.

Data Availability: Quarterly

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#### **Performance Measure**

Full Time Equivalent per billion dollars of Gross Domestic Product

#### **Definition and Validation**

Definition: Servicewide employment as a proportion of national expenditures.

Verification and Validation: Servicewide. Servicewide Full Time Equivalent (FTE) divided by billion dollars of Gross Domestic Product (GDP)

Data Source:

FTE:

-Two Years Before the Current Year and Older: The Budget of the United States; OMB

-Previous Year: Automated Financial System, End-of-Year totals; CFO:SPB:X

-Current Year and Beyond: Budget Formulation System, Financial Plan; CFO:SPB:F

GDP:

-Historical data provided by Department of Commerce, Bureau of Economic Analysis

-Projections from OMB, in the Analytical Perspectives of the Budget of the United States

Data Accuracy: Reasonable Accuracy

Data Availability: GDP numbers are updated and made available on an annual basis.

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**Performance Measure:** Customer satisfaction - Toll-Free

**Explanation:FY2000**

While not meeting the target in FY 2000 a great deal of focus was placed on staffing resources during core hours, utilization of automated services during core and non core hours and expansion of the electronic referral capability. New initiatives were implemented such as: post-routing of calls after hours to sites in the Western Region, routing of account and refund traffic to call sites in service center locations, adjusting access to achieve an appropriate balance on all product lines. and voluminous prompting to more adequately identify caller need and the most appropriate center to handle those needs. Again in FY 2001 significant enhancements are planned in the toll-free area including the use of network prompting and voice recognition (scheduled for implementation in February 2001) and a more integrated work planning and control system to provide local management with more information to monitor adherence to schedules. In addition, as a result of a TIGTA audit of the toll-free customer satisfaction survey actions will be taken in FY 2001 to ensure that the survey is administered properly and that data to report survey results are reliable, valid and verifiable and meets GPR requirements.

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**Performance Measure:** Field Examination case quality score

**Explanation:FY2000**

Quality results were relatively stable during the year. Improvement opportunities were not realized due in part to standards related to RRA 98 procedures not being met. Also, concerns regarding the sampling were addressed to ensure valid samples of cases were reviewed. Analysis of the data reflects that improvements in 3 standards, Audit Scope, Audit Planning and Workpapers will substantially impact performance in the future.

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**Performance Measure:** Telephone customer satisfaction - ACS

**Explanation:FY2000**

Beginning in FY 2000 the IRS moved to an automated survey system and testing revealed that a 4-point scale works better with an automated survey. However, the FY 2000 plan values were not re-calculated at that time. This was an oversight by the former Customer Service organization.

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**Performance Measure:** Service Center examination quality

**Explanation:FY2000**

Decreases in quality can be attributed to the change in review methodology effective in July 1999. The previous methodology (%correct) resulted in a higher quality score while moving to the service center standard of identifying correct/incorrect review resulted in the lower quality rates which were anticipated for start up upon moving. The timeliness aspect of the quality measurement also caused lower scores and as a result will be removed from the equation since timeliness does not denote the quality of the work product and will be tracked as a separate measure in FY 2001.

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**Performance Measure:** Automated Collection System (ACS) level of service

**Explanation:FY2000**

Call attempts and calls answered continued to decline for FY 2000. Call attempts were down as a result of the discontinuance of systemic levies. Additional changes occurred to streamline processing of the reinstated lien, levy and final notices improved ACS activity during FY 2000 and should show significant improvement in FY 2001.

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**Performance Measure:** Individual return examinations less than \$100,000

**Explanation:FY2000**

The resources devoted to modernization (including design team, task groups, NTEU negotiations, etc.) caused a significant drain on resources that could be devoted to direct exam work. In addition, the resources devoted to the filing season exceeded projections. Every hour devoted to the filing season detracted from the ability to meet our stated objectives. An increase in closures for FY 2001 is projected to range between 5% and 10% due to improvement opportunities such as: priority work being directed to identified areas of noncompliance, centralization of exam selection, reduction of time spent by examination staff on training and details to Customer Service, providing training to managers on inventory management, and the hiring of new agents.

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**Performance Measure:** Individual Return Examinations greater than \$100,000

**Explanation:FY2000**

The resources devoted to modernization (including design team, task groups, NTEU negotiations, etc.) caused a significant

drain on resources that could be devoted to direct exam work. In addition, the resources devoted to the filing season exceeded projections. Every hour devoted to the filing season detracted from the ability to meet our stated objectives. An increase in closures for FY 2001 is projected to range between 5% and 10% due to improvement opportunities such as: priority work being directed to identified areas of noncompliance, centralization of exam selection, reduction of time spent by examination staff on training and details to Customer Service, providing training to managers on inventory management, and the hiring of new agents.

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#### **Explanation:FY2000**

#### **Performance Measure:**

Field Collection - number of cases closed - Tax Delinquent Investigations

There are several internal factors that impacted the overall number of case dispositions. Decreases in staffing and increases in the number of employees providing assistance to other functions have resulted in fewer employees being available to work Collection cases. In addition, a shift in Collection's workload priorities, halfway through FY 1999, also impacted the indicator. TDI dispositions, although important, are not Collection's main focus. Providing quality, timely service to taxpayers that have contacted Collection in attempts to resolve their accounts are serviced first. A 2% increase is projected for FY 2001 by maximizing the use of the filing season resources from other areas, allowing for an increase in the direct time spent on inventories of TDI's.

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#### **Explanation:FY2001**

#### **Performance Measure:**

Employee Plans and Exempt Organization determination letters

The planned number of determination case disposals was predicated on the projected volume of application receipts. The shortfall was primarily due to an unexpected shortfall in receipts for plan amendments under new pension laws. Those receipts are expected in the first quarter of FY 2002 and will increase both receipts and cases closed by FY 2002. Determination closures were slightly (less than 2%) below plan due to an increase in time applied per case associated with new agent hires. The establishment of dedicated determination groups in FY 2002 should result in improvements in determination consistency and productivity.

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#### **Explanation:FY2001**

#### **Performance Measure:**

Customer satisfaction - Toll-Free

On a scale of one to four (four is very satisfied), the average satisfaction rating is 3.46 with the percentage of satisfied customers at 57% (an increase from 54% in FY 2000). Based on survey results, research is being conducted to identify areas where service can be improved. Preliminary findings from a focus group in September 2001 centered on confusing notices, lengthy phone hold times, calls not returned, and practitioner need for IRS to expand its e-file solutions. In FY 2002 implementation of data directed routing and voice recognition capability will provide us with an ability to assist more customers either through automated systems or live assistants, alleviating complaints around access to our systems. We also plan to implement two new automated communication solutions, Internet Refund information and the Remittance Transaction Research System to better deal with some of the top 20 customer complaints. In addition, we are refocusing our training of assistants to address specific topics/issues to better serve our customers and address more of their concerns as we approach the upcoming filing season.

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#### **Explanation:FY2001**

#### **Performance Measure:**

Customer satisfaction - Walk-in

In FY 2001 the targeted level of customer satisfaction was not achieved primarily due to taxpayer dissatisfaction with wait times for assistance in our centers. Taxpayers who walked in for assistance frequently waited what was viewed as unreasonable amounts of time for to get help with account related questions due to the practice of a first-in first-out assistance regardless of the problem. This Although we did not achieve our target for the year, during the period Jan - Mar (our busiest period in the toll free area) we did achieve a customer satisfaction rating of 6.46, with the overall average for the year standing at 6.4. During FY 2001 we initiated several actions to positively impact the customer experience in our tax assistance centers including implementing revised return preparation procedures including income limits and same day appointments to target service to those most in need of our assistance. We conducted Problem Solving Days throughout the nation and began to routinely incorporate the process of "Tax Solutions" (bringing the concepts developed for Problem Solving Days into each workday) in each of our centers. We also developed a concept of operations for our centers that identifies actions to improve the quality and accuracy of tax law communication with taxpayers. In FY 2002, as a result of focus group feedback we plan to implement a new comment-card style intercept designed to provide us with better data on taxpayers who use the services in our taxpayer assistance centers.

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<b>Explanation:FY2001</b>	<b>Performance Measure:</b>	Toll-free level of service (percent of calls to toll-free telephone assistance lines answered by customer assistor personnel)
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The level of service for the full fiscal year was significantly affected by the large volume of calls during July, August and September due to the special advance refund, resulting in longer wait times and a lower than planned assistor level of service despite answering approximately the planned number of assistor calls. During the filing season period, which ended before the special refund calls began to come in, assistor level of service was at 64%, an increase of 5.13 percent from FY 2000 filing season level. The fiscal year variance from target was caused primarily by longer handle times for account calls, which in turn is partly due to the diversion of more simple calls to automated services. Actions to improve performance in this area in FY 2002 include: providing additional staff to answer more calls during core hours of operation and entering into a study to identify and address reasons for the increase in Average Handle Time.

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<b>Explanation:FY2001</b>	<b>Performance Measure:</b>	Percentage of individual returns filed electronically
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While the practitioner and on-line components of both measures experienced increases (14.2% and 36.02% respectively) and the total individual electronic program showed an overall 13.57% increase, the failure to meet the projection can be attributed to two factors; 1) The level of growth expected when developing projections (based on past experience) did not materialize and; 2) TeleFile accepted returns showed a decrease of 14.37% over last year due to several factors. Contributors include: problems experienced with the print vendor, not marketing to the total population of qualified taxpayers (taxpayers who used a practitioner were eliminated), tax packages printed with incorrect customer service numbers, and minor systemic problems with the TeleFile system. All of these problems are expected to be overcome for the FY 02 filing season. Also, in FY 02 we plan to continue advertising and marketing of electronic filing and expand programs such as electronic signature, electronic payment options and include more forms and schedules available to taxpayers, all in an effort to ensure that participation in electronic filing continues to grow.

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<b>Explanation:FY2001</b>	<b>Performance Measure:</b>	Electronic Federal tax payments (total number of electronic payments processed through the EFTPS (in millions)
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The original forecast of 67.5 million was based on actual EFTPS filing experience through February 2000. Later forecasts had the benefit of 11 more months of actual filing experience and showed that 64.7 million was a more realistic target. Another uncertainty in the original forecast included an estimate of the impact of IRS formally eliminating the magnetic tape filing option ? a step that was not fully completed at the time the initial forecast was provided. In FY 02 we plan to continue promotion of easy to use payment options with the expectation that taxpayer demand calls for increased use of electronic commerce options when transacting with the IRS. This expectation is based on proven increased demand for electronic filing, increased demand through the IRS website for information and downloads of forms & publications as well as the steady growth in electronic payment options since pilot and implementation of electronic debit/credit card and ACH debit payments.

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<b>Explanation:FY2001</b>	<b>Performance Measure:</b>	Field Collection quality
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The drop in the quality rate can be traced to a decrease in the documentation and compliance check standard. Small Business/Self-Employed has formed a team to review the Collection Quality Measurement System (CQMS) processes, including the standards and methodology used to compute the score while the Collection Re-engineering team is considering providing relief by easing the documentation standards. The month to month results in this area were also skewed when it was discovered that for a period of 8 months one of the two CQMS sites reviewed cases from only the Integrated Collection System rather than also reviewing the hard copy case file. Once that is factored in, results show gradual improvement as the additional cases filter through the process. Plans to reach the FY 02 target include improvement in the content and delivery of the Internal Revenue Manual, targeted training opportunities for both employees and managers, procedural improvement and a plan to test the concept of imbedded quality.

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<b>Explanation:FY2001</b>	<b>Performance Measure:</b>	Employee Satisfaction - Agency-wide
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The decline from 60% in 00 to 51% in 01 can be attributed to the effects of the reorganization which are also showing up as negative results in the subsequent survey given to a sample of the employee population to assess the climate of the agency.



Whatever the causes, the Commissioner has made improving employee satisfaction results the responsibility of each individual manager (it's an element in each manager's performance plan) and every operating and Functional Division (OD and FD's). Those individual workgroup meetings are taking place now, and the results will be seen when the 2002 survey is administered beginning in April 2002. The Gallup Organization contends an organization changes its culture (and thus its survey results) at the workgroup level rather than as a corporate level response. The Divisions are now analyzing their census survey results in light of their Climate Survey data to determine what (if any) additional Division-level responses are needed.

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**Explanation:FY2001**      **Performance Measure:** Telephone customer satisfaction - ACS

Taxpayer dissatisfaction and the shortfall in 01 are due to needed revisions to front-end script, escalating wait times and lack of specialized sites to meet unique taxpayer needs. While improvements to scripts and implementation of intelligent call routing helped improve the factor the factor for customer access additional planned improvements for FY 02 include enhanced technology for call routing, adding Spanish language network prompts, and data directed routing. In addition, increased monitoring of telephone calls will allow us to gain better understanding of customer needs.

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**Explanation:FY2001**      **Performance Measure:** Customer Satisfaction - Service Center examination

Taxpayer dissatisfaction and the resultant shortfall in 01 were due to several factors within the survey in addition to external factors such as envelopes being too small for documents requested from the taxpayer, multiple letters sent to the taxpayer to question different issues, and needed streamlining of the 90-day timeframe on no response cases. Length of Time on Case, Time Spent on Audit, Explanation of Audit, Explanation of Adjustments, Ease of Understanding Report, Explanation of Process, and Explanation of Records Required factors within the satisfaction score. During FY 01 development of one new publication to replace 3 previous documents are expected to impact satisfaction scores over the long term in the following areas: Explanation of Records Required, Consideration of Taxpayer Information, Explanation of Taxpayer Rights, Explanation of Process, and Fairness of Treatment. In FY 02 actions to improve the satisfaction score include delivery of automated research tools to employees, tailoring workplans to particular groups of taxpayers, improved guidance and education programs targeted to the taxpayers most common problems.

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**Explanation:FY2001**      **Performance Measure:** Service Center examination quality

Timeliness in case processing is the driver in failure to meet the target in this area. Backlogged inventories of overage correspondence (83%) caused by the loss of more experienced examiners through attrition (learning curve of new examiners is a contributing factor in age of cases) are impacting the quality level by as much as 20 points out of 100. Improvements planned for FY 02 include engaging front line employees and managers in determining business and system requirements, redesign of content and delivery of the IRM and providing enhanced research tools.

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**Explanation:FY2001**      **Performance Measure:** Automated Collection System (ACS) level of service

The target was not met in 01 due to the following factors: incoming script choices confusing to the taxpayer, and restrictions to call routing capability that caused excessive taxpayer wait times. We plan to continue focus on improving our service with additional enhancement in FY 02. Fine tuning the enterprise-wide call routing capability and rolling out an initial round of data directed routing capability to refine the type of calls answered in ACS. Coupled with our intent to increase access to more self-service applications will allow us to maximize our existing resources.

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**Explanation:FY2001**      **Performance Measure:** Individual return examinations less than \$100,000

Reasons for the decline in Field Examination closures include reduction in staff from original budget, mix of staff applied, hours per return higher than planned, direct examination time lower than planned, and insufficient work-in-process. Operational Reviews of all Areas were conducted to assess causes and address the increase in hours per case and decrease in examination time. Immediate emphasis has been placed on building & maintaining optimal inventory levels, case management, and issuing program guidance. An Examination Re-engineering effort has been initiated to identify improvement opportunities. Improvements in FY 02 are expected from the hiring of additional resources (565 Revenue Agents and 108 Tax Compliance Officers hired in FY 01) and decrease of compliance support of the filing season.

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**Performance Measure:** Individual Return Examinations greater than \$100,000

**Explanation:FY2001**

The original plan assumed increases in resources; percentages of direct time applied, and reduction in the time per return. These improvements were not realized resulting in fewer returns closed. Immediate emphasis has been placed on building and maintaining optimal inventory levels, case management, and issuance of revised program guidance. Improvements in FY 2002 are expected from the hiring of additional resources (565 Revenue Agents and 108 Tax Compliance Officers hired in FY 2001) and decrease of compliance support of the filing season.

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**Performance Measure:** Appeals cases closed

**Explanation:FY2001**

During FY 01, the IRS Appeal division workload continued to shift from examination to predominantly collection-type work, including Collection Due Process. In response to this change in workload, Appeals diverted its resources to accommodate the dramatic increase in collection work and continued its comprehensive training program of retraining and mentoring existing Appeals personnel to handle this new source of work. This effort resulted in over 500 appeals officers being trained to handle collection work. The impact of diverting resources and retraining existing Appeals personnel to accommodate the shift in workload contributed to an increase in cycle time and subsequently lower than planned productivity in Appeals for FY 01. For FY 02, one of Appeals' operational priorities is to reduce the backlog of Collection cases, including Collection Due Process. Appeals will accomplish this by devoting additional resources to work these cases, improving case development practices, case management and segmentation guidelines, communications and technology. Also, the vast majority of Appeals personnel have completed the necessary training to work these cases. These planned actions for FY 02 will enable Appeals to increase the number of cases closed by 23% (from 54,748 in FY 01 to 67,560 in FY 02.)

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**Performance Measure:** Field Collection - Number of cases closed - Tax Delinquent Accounts (removed from active inventory)

**Explanation:FY2001**

Closures were impacted by the increased complexity of Small Business/Self Employed inventory, staffing decline in previous years, Collection Due Process procedures, resource shift to work Offer In Compromise cases, and additional process steps still in place from the Restructuring and Reform Act of 1998. Significant improvements should be realized in FY 2002 when the new Revenue Officers hired in FY 2001 (475) reach their full working level. In addition, specific initiatives for FY 2002 include reduction of Revenue Officer details to other functions, implementation of the Inventory Replacement initiative, continued training of FY 2001 hires and development of a hiring plan for the latter part of the fiscal year.

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**Performance Measure:** Field Collection - number of cases closed - Tax Delinquent Investigations

**Explanation:FY2001**

Closures were impacted by the increased complexity of Small Business/Self Employed inventory, staffing decline in previous years, Collection Due Process procedures, resource shift to work Offer In Compromise cases, and additional process steps still in place from the Restructuring and Reform Act of 1998. Significant improvements should be realized in FY 2002 when the new Revenue Officers hired in FY 2001 (475) reach their full working level. In addition, specific initiatives for FY 02 include reduction of Revenue Officer details to other functions, implementation of the Inventory Replacement initiative, continued training of FY 2001 hires and development of a hiring plan for the latter part of the fiscal year.

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**Performance Measure:** ACS closures - Taxpayer Delinquent Accounts

**Explanation:FY2001**

Our original target of 1,655,000 was determined to be flawed after identification of a systemic problem within our management information system that caused a double count of systemic closures, inflating the base we used to develop the 2001 target. Upon discovery, a more accurate target was determined to be 1,087,400. The revised target was not met due to an increase in overall case processing time due to the 1998 Restructuring and Reform Act Legislation related requirements concerning Installment Agreement requests, and those cases where enforcement action was deemed necessary. In addition, the learning curve for adjustment processing and other new work items in the Automated Collection System inventory causes more time per case to be spent thus reducing the closures per hour rate. In FY 2002 improved process training on selected inventories will enhance employee skills. In addition, the completion of the migration of Individual Master File and

Business Master File to designated sites coupled with full implementation of Integrated Case Processing capabilities and enterprise call routing are expected to be factors in the productivity increases planned.

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**Explanation:FY2001**      **Performance Measure:**      ACS (Automated Collection System) closures - Taxpayer Delinquent Investigations (TDI)

The IRS original target of 752,000 was determined to be flawed after identification of a systemic problem with a management information system that caused a double count of systemic closures, inflating the base used to develop the 2001 target. Once that problem was discovered, it was determined a more accurate target would be 400,376. The revised target was not met due to the need to provide staff to answer increased telephone call volumes. Also impacting closures in this area were delays in hiring, greater focus placed on Taxpayer Delinquent Account inventories and suspension of the 6020(b) program (which gives IRS the authority to prepare a return for the business taxpayer) which did not resume until July, 2001. While call site consolidation planned for FY 2002 will provide some relief to staffing needs, TDIs will continue to remain a low priority inventory item and without an enforcement alternative expectations are productivity will remain stable.

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**Explanation:FY2001**      **Performance Measure:**      Automated Underreporter (AUR) Closures

An 8-week delay in starting the Tax Year 1999 inventory due to a systemic problem coupled with a reduction in screenout closures (29% versus the planned 40%) attributed to an inventory shift between the Small Business/Self-Employment and Wage & Investment units. These were direct contributors in the failure to meet the target. In FY 2002 initiatives to complete the plan include: completion of the workload migration plan, application of additional staff to work the inventory and testing plans to rotate the document matching selection criteria to expand coverage and improve voluntary information return reporting on individual income tax returns.

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**Explanation:FY2001**      **Performance Measure:**      Total individual returns

The FY 2001 planning assumptions were made with limited historical information. Also, there was a larger than expected expenditure of time in areas that do not ordinarily result in a closed case. Accordingly, the number of returns that were planned did not materialize. Improvements in FY 2002 are expected from the hiring of additional resources (565 Revenue Agents and 108 Tax Compliance officers hired in FY 2001) and a decrease in compliance support of the filing season.

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**Explanation:FY2001**      **Performance Measure:**      Number of returns examined (Business and General Industry)

Reasons for the decline in Field Examination closures include reduction in FTE's from original budget, mix of FTE's applied, hours per return higher than planned, direct examination time lower than planned, and insufficient work-in-process. Operational Reviews of all Areas were conducted to assess causes and address the increase in hours per case and decrease in examination time. Immediate emphasis has been placed on building & maintaining optimal inventory levels, case management, and issuing program guidance. An Examination Re-engineering effort has been initiated to identify improvement opportunities. Improvements in FY 2002 are expected from the hiring of additional resources (565 Revenue Agents and 108 Tax Compliance Officers hired in FY 2001) and decrease of compliance support of the filing season.

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**Explanation:FY2001**      **Performance Measure:**      Number of cases examined (Coordinated Industry)

The increase in cases examined in FY 2001, as compared to FY 2000, is attributed to a large number of staff redirected to case examination. In FY 2000, a large number of staff within the Large/ Mid-Size Business were engaged in design teams activities focused on organization and stand up. For FY 2002, Large/Mid-Size Business exam teams will receive new tax computation software for corporate returns that will expedite computation of proposed deficiencies, resulting in a reduction in employee burden, taxpayer burden and overall cycle time. In addition, efforts to redesign the post-filing examination processes will continue in FY 2002.

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**Explanation:FY2001**      **Performance Measure:**      Number of returns closed (Coordinated Industry)

The increase in cases examined in FY 2001, as compared to FY 2000, is attributed to a large number of staff re-directed to case examination. In FY 2000, a large number of staff in Large/Mid Size Business were engaged in design team activities focused on organization and stand up. For FY 2002, Large/Mid-Size Business exam teams will receive new tax computation

software for corporate returns that will expedite computation of proposed deficiencies, resulting in a reduction in employee burden, taxpayer burden and overall cycle time. In addition, efforts to redesign the post-filing examination processes will continue in FY 2002.

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**Explanation:FY2001**

**Performance Measure:** Employee Plans/Exempt Organizations examination cases closed

A surge in determination receipts was expected and inventories of open examination cases were kept low in order to ensure a smooth transition of agents from working examinations to determinations. When the anticipated volume of determination receipts did not materialize, additional returns were placed in process. Many of the additional returns were larger plans that require longer processing time and resulted in fewer returns closed than expected. In FY 2002, the Exempt Organization units will continue to address these problems, through sharing of best practices to improve timeliness and through new operating priorities to stabilize and refocus Examination resources and improve EO's presence in the tax-exempt community.

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**Explanation:FY2001**

**Performance Measure:** Employee Plans/Exempt Organizations examination quality

The overall decline in quality was primarily attributed to the Examination Planning and Workpapers standards which were found to be inconsistent with current work processes and require modification. These quality standards were addressed through targeted training sessions in FY 2001 and emphasis on quality will continue during regular training for all agents in FY 2002.